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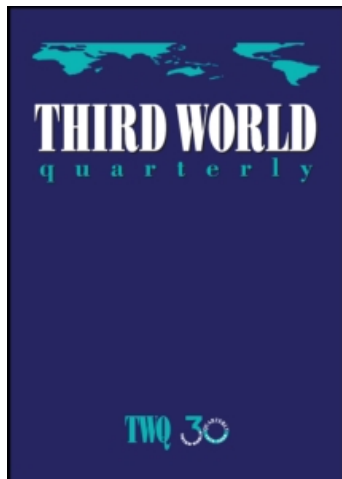
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# Private Governance and the South: lessons from global forest politics

PHILIPP PATTBERG

**ABSTRACT** *Private governance beyond the state is emerging as a prominent debate in International Relations, focusing on the activities of private non-state actors and the influences of private rules and standards. However, the conceptual framework of governance has until recently been employed predominantly with reference to the OECD world. Despite this restricted view, a growing number of processes, organisations and institutions are beginning to affect developing countries and new institutional settings open up avenues of influence for actors from the South. In the context of a lively debate about global governance and the transformation of world politics, this article asks: what influences does private governance have on developing countries, their societies and their economies? What influence do southern actors have in and through private governance arrangements? I argue that we can assess the specific impacts of private governance, as well as potential avenues of influence for actors from the South, with regard to three functional pathways: governance through regulation, governance through learning and discourse, and governance through integration. Focusing in particular on private governance in the global forest arena, I argue that, while southern actors have not benefited so much economically from private certification schemes, they have been partially empowered through cognitive and integrative processes of governance.*

Private approaches towards global forest politics are frequently evoked as prime examples of the large-scale shift from public to transnational forms of governance.<sup>1</sup> Unlike the international efforts towards a binding global forest convention that ended in an institutionalised stalemate, the private Forest Stewardship Council (FSC) successfully took shape in 1993. More than a decade later, the FSC has certified over 68 million hectares of forest according to its own sustainability standards in 80 countries.<sup>2</sup> In addition, the FSC has not only proven to be a successful model of private rule making and implementation in the forestry arena, but also has diffused to other issue areas such as marine conservation, aquaculture, tourism and mining. However, private approaches to global politics raise substantial questions when it comes to their actual limitations and potential as providers of public goods. In particular, it is not clear whether the FSC integrates concerns beyond the OECD world into the system of global governance or if it rather

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benefits the northern global players, both companies and NGOs. This article attempts to assess what we can learn from the first 10 years of private forest politics with regard to the integration of the South into the system of global governance.

In particular, I analyse the impacts of private governance on the South and the implications of shortcomings of private governance for the South. The argument proceeds in three steps. The next section discusses the concept of private governance and the potential influences of such governance on actors in the South. Subsequently, the third section analyses in more detail the arena of private forest politics and examines how its distinct functions affect public, civil society and business actors in the South and how southern actors and interests are potentially integrated into the system of private forest governance. The final section concludes with some general remarks on shortcomings of the FSC and their implications for the South.

### Private governance and the developing world

Private governance and authority beyond the state is emerging as a prominent debate within the larger context of global governance research and International Relations (IR) in general.<sup>3</sup> A first wave of research has mainly focused on the new roles of non-state actors in international policy making and implementation. Non-state actors at the international level are found to be involved, *inter alia*, in agenda setting, decision making, monitoring and reporting, as well as in standard setting and rule implementation. Non-state actors fall into three broad categories: public interest-oriented non-profit actors, profit-oriented corporate actors and their associations, and public intergovernmental organisations.<sup>4</sup> Among those non-state actors that capture the attention of scholars, civil society institutions, transnational businesses, global scientific networks and, more recently, international organisations and intergovernmental bureaucracies are the most prominent.<sup>5</sup> However, research has mainly focused on the influence of private actors on intergovernmental decision-making processes as an intervening variable between state interests and international policy outcomes. What is largely missing in current research is attention paid to political processes that are both emanating from, as well as directed towards, private non-state actors.

A second wave of research has been interested in the general phenomenon of policy partnerships.<sup>6</sup> Although this literature is rooted in domestic and comparative politics, it has found its way into the study of IR. However, most attention focuses on partnerships between public and non-state actors, such as states, corporations and civil society organisations. These public–private partnerships at the international level, sometimes also referred to as global public policy networks, are active in rule setting, rule implementation and service provision.<sup>7</sup> Research that explicitly deals with partnerships between private actors from a theoretical perspective is, however, rare. Most studies instead address the engagement of private actors from a policy-oriented perspective. In addition, when it comes to assessing the influence of partnerships on the South, empirical studies have almost exclusively focused

on partnerships that aim at implementing international agreements rather than on those setting their own rules and standards.<sup>8</sup>

A third wave of research is increasingly interested in private rules and norms, with reference both to normative and analytical questions.<sup>9</sup> But, despite the relative broadening of the private governance research agenda from the initial focus on private actors to the current interest in institutional questions of private rules and regulations, most empirical work has focused on transnational governance within the OECD world. What is missing is an assessment of private governance within the context of North–South relations and development studies.

Before I engage in a discussion of the possible ways private governance arrangements may influence actors from the South, let us briefly consider what the term ‘private governance’ refers to in the general context of global governance research. Although the intellectual field of private governance is far from being sufficiently mapped, and major room exists for contending definitions and understandings, both with regard to theory and empirical phenomena, some basic constitutive elements of private governance as the central theoretical approach to new institutional forms of rule making and implementation beyond the state can be identified. First, private governance centres on rules and regulation, not on spontaneous, unco-ordinated behaviour such as market interactions. Second, private governance may contain processes and instances of institutionalisation beyond co-operation between different non-state actors. Finally, private governance potentially organises political spaces equivalent to public steering mechanisms.

As a result, there is growing agreement that private governance emerges next to public and hybrid forms of steering. Private governance ‘emerges at the global level where the interactions among private actors... give rise to institutional arrangements that structure and direct actors’ behavior in an issue-specific area’.<sup>10</sup> The result of this institutionalisation among a wide range of private actors can be understood as a functional equivalent of the public governing functions of states and international organisations. But private governance should not be equated with mere co-operation between various private actors. In the words of Robert Falkner<sup>11</sup>:

Cooperation requires the adjustment of individual behavior to achieve mutual beneficial objectives... It is mostly of an *ad hoc* nature with a short lifetime. Governance, however, emerges out of a context of interaction that is institutionalised and of more permanent nature. In a system of governance, individual actors do not constantly decide to be bound by the institutional norms based on a calculation of their interest, but adjust their behavior out of recognition of the legitimacy of the governance system.

Having discussed the general concept of private governance, how then do specific private rules and the actors sustaining these rules influence the South? The influence of private governance on any level of the political system can be assessed as changes in the behaviour of targeted actors and those actors that have at least some kind of structural relation to the source of governance. To introduce some order to the many possible behavioural

changes attributable to private governance, several functional pathways can be distinguished through which the governance task is achieved. Starting with the most evident, behavioural changes result from the *regulative function* of private governance. In this view, behavioural changes can be attributed to the standards and regulations emanating from a private governance arrangement that are directed towards business actors, including forest managers and producers, and indirectly also to traders and retailers. Possible effects include changes in markets and economic incentive structures, environmental improvements or deterioration and impacts on social parameters such as working conditions and labour rights. Next to regulation, private governance is also achieved through a *cognitive/discursive function*. In this view, knowledge is produced and disseminated through a network of actors bound together by the constitutive rules of the institution. In addition, learning processes may occur that enable actors to fulfil new roles and take over new responsibilities. The third function through which private governance is thought to occur is *integration*. In this case, norms are transcended from the international to the transnational level and vice-versa. Therefore, behavioural changes that occur as the result of the integrative function of private governance may include public policies at the national and international level, as well as instances of endorsement or emulation of private governance by other actors of the political system such as states or international organisations.

In sum, applying the concept of private governance to instances of transnational rule making at the global level directs our attention to the process of steering through regulation and the corresponding outcome of issue-specific and geographically fragmented organisation beyond the state. Through the heuristic tool of disaggregating private governance in its regulative, cognitive and integrative function, it seems possible to systematically assess the influence of private forest governance on the South, as well as the potential for integrating southern concerns into private governance.

### **Private governance and the South: analysing the forestry arena**

The FSC is one of more than 20 certification schemes operating in global forestry today. It serves as a particularly good empirical case, because it has been deliberately built around the principle of sustainable development and is frequently credited with successfully integrating civil society concerns and the interests of developing countries through its unique three-chamber governing structure.<sup>12</sup> The FSC was founded, after two years of strategic discussion, in 1993. It was formed as the first private regulatory scheme in the forestry sector with an explicit global focus. The emergence of forest certification as private governance involved two sets of dynamics.<sup>13</sup> First, social movement campaigns against corporate behaviour created the demand for credible and transparent information systems to meet the growing critical consumer demand. The second influential dynamic was the coincidence of international deadlock on the issue of sustainable forestry and the emerging neoliberal 'lean-state' paradigm that favoured private and voluntary approaches over binding public ones.

The 'Principles and Criteria (P&C)', the rules agreed on after the founding meeting in Toronto in October 1993, form the basis of the FSC's work. They define which practices are considered socially beneficial, environmentally appropriate and economically viable. The principles require, for example, compliance with all applicable national laws and international treaties and agreements, including the provisions of the Convention on International Trade in Endangered Species (CITES), the International Tropical Timber Agreement (ITTA) and the Convention on Biological Diversity (CBD) (principle 1). They also require the recognition and respect of the rights of indigenous peoples to own, use and manage their lands (principle 3), maintenance of the long-term social and economic well-being of forest workers and local communities (principle 4) and the conservation of biological diversity and other non-monetary values (principle 6).<sup>14</sup> During the 13 years it has existed, the FSC has also developed detailed procedural rules for sustainable forestry.

### *Organisational structure*

I will now briefly analyse the FSC's governance structure and operation with regard to the question of North/South representation.<sup>15</sup> The General Assembly (GA), a tripartite body that represents business, social and environmental interests within three chambers, governs the FSC. Each chamber holds equal voting power of 33.3%; internally they have a 50% quorum for North and South representation. As a consequence, each chamber is subdivided in a northern and southern division in which organisational members have 90% of the sub-chamber vote, while individual members hold the remaining 10%.<sup>16</sup> Table 1 shows the current membership pattern accurate as of February 2006.

While environmental interests are relatively balanced, economic interests are clearly biased against the South, and social concerns are relatively underdeveloped. Thanks to the three-chamber voting system and the 50% quorum, this representation structure does not lead to formal under-representation but to a structural advantage for the South. However, larger northern membership may lead to discursive disadvantages for actors from the South, especially for social organisations.

The GA's main function is to elect a board of directors that mirrors the tripartite structure. Each chamber elects three members to the board for a three-year term. The representation of northern and southern countries

TABLE 1. General Assembly membership according to chamber and geographic origin

<i>General Assembly</i>	<i>Env</i>	<i>Eco</i>	<i>Soc</i>	<i>Total</i>
North	117	162	59	338
South	136	109	52	297
Total	253	271	111	<b>635</b>

alternates between four and five, changing every three years. As of February 2006 the North/South ratio on the board is 4:5. The board decides on all issues of major importance, from approving national representatives and FSC initiatives, to allocating the annual budget, to approving new standards. The operational work of the FSC is handled by the FSC international secretariat located in Bonn, Germany, and supervised by the Executive Director who is appointed by and responsible to the board.

The FSC is organised in several operational layers that are connected through the substantive rules of the institution. Next to the FSC international secretariat there are regional offices and a number of national FSC processes which, after they have received accreditation by the FSC board, become national initiatives that develop appropriate national FSC standards based on the P&C. In 2006 13 national initiatives out of 36 are located in developing countries. To react to the specific demands and concerns of national initiatives, and to better integrate the valuable knowledge of respective stakeholders, the FSC has set up four regional offices in Europe, Africa, Asia and Latin America. The regional offices act as focal points for the national initiatives within that particular region and, as a result, create the opportunity for discussions on topics of common concern. Southern interest can thus be appropriately developed and formulated. For example, discussions within the regional office for Latin America have raised concern about the different importance attached to social issues in the region and in the FSC international. Participants felt that in European debates measurable environmental impacts were of most importance, while concerns about social and cultural matters featured relatively low on the agenda. In contrast to this environmental and economic focus, stakeholders in Latin America emphasise the importance of addressing cultural and spiritual needs in achieving sustainable forestry.<sup>17</sup>

After this broad overview, I now turn to the specific impacts of private governance on the South. To assess the different ways southern concerns may or may not be affected by private governance, I subsequently discuss the regulative, cognitive and integrative functions of the FSC with regard to the South.

### *Governance through regulation: who is paying the price?*

One prime function of the FSC as an example of private governance is to develop and implement detailed rules for sustainable forest management (SFM). As a rule maker the FSC produces three different types of standards, which constitute the regulatory output of the institution.<sup>18</sup> First, global forest management standards that form the basis of national and regional standards development; second, chain of custody standards (COC) setting detailed rules along the production chain; and third, standards for the accreditation of independent certifiers. The standard setting procedure involves consultations with relevant stakeholders and explicit provision is made to ensure 'that stakeholders whose interests are often marginalised are empowered to take a full and active part in the development of standards'.<sup>19</sup>



Southern concerns are potentially integrated in the standard-setting process in two ways: first, through the stakeholder consultations at the international level; and, more importantly, through the national standard-setting processes that mirror the international procedure and can adapt the generic international P&C to national and often local circumstances. Thanks to this flexibility in the standard-setting process, the interests of southern stakeholders are not disadvantaged against northern ones.

In January 2006 some 68 million hectares of forest area world-wide were certified in FSC terms.<sup>20</sup> The 15 certification bodies (CBs) accredited by the FSC have issued more than 5000 certificates to forestry companies and businesses. However, there is cause for major scepticism, especially with regard to the South. According to the FSC bylaws in their current version, the FSC 'shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests'.<sup>21</sup> Paragraph 8 specifies: 'the FSC Principles and Criteria are intended to apply without discrimination to tropical, temperate and boreal forests worldwide which are managed for production of forest products'.<sup>22</sup> However, actual figures look somehow different. Currently 82.3% of the certified area is in Europe and North America, while Africa, Asia, Oceania and Latin America account for only 17.7%.<sup>23</sup> Table 2 provides an overview of the current status of FSC certified area, forest management and COC certificates by geographic origin as at January 2006.

The reason for the North–South disparity is partially explained by inadequate infrastructure and economic disequilibria in developing countries. It is not difficult for well organised forestry companies in temperate regions to meet the FSC standards and criteria as the core standards of forestry have primarily been developed in Western Europe. In contrast, tropical forests often do not have the infrastructure to facilitate certification. An unintended consequence of this uneven distribution of certified forest area could well be the institutionalisation of trade barriers between developing and industrialised countries, a fear that is frequently raised in debates about forest certification. And with only 6%–8% of global timber production entering international trade, a majority taking place between countries of the same region, and environmentally sensitive markets only existing in Europe and North America, producers from developing countries have significantly less access to premium markets. Consequently, their incentive to seek costly certification is relatively low and will depend on the size of the forest operation. With regard to the FSC's goal of environmentally appropriate forest management, and the important role of biodiversity therein, this state of affairs could become a significant backdrop to the FSC's own objective.

Under these circumstances, the extent to which forest managers will seek FSC certification in the future is uncertain. The initial expectation of most forest managers and timber exporters with regard to certification has been a rise in profits through premium prices. However, there seems to be no sign of higher prices in general. A recent study from the International Institute for Environment and Development (IIED) finds that premium prices are rare in do-it-yourself (DIY) retailer supply chains. The only situation where premium prices for certified timber have occurred is 'when there has been a mismatch

TABLE 2. FSC certified area, FM and COC certificates by geographic origin

	<i>Europe</i>	<i>North America</i>	<i>Sub-total</i>	<i>Latin America</i>	<i>Asia</i>	<i>Africa</i>	<i>Oceania</i>	<i>Sub-total</i>	<i>Total</i>
FSC certified area in ha	35 027 749	21 014 115	<b>56 041 864</b>	7 995 392	1 086 393	1 732 246	1 265 045	<b>12 079 076</b>	<b>68 120 940</b>
Forest management certificates	345	126	471	205	40	34	24	303	774
Chain of Custody certificate	2586	644	3230	323	634	119	64	1140	4370
Certificate Total	2931	770	3701	527	674	153	88	1443	<b>5144</b>

between supply and demand, if buyers are competing for certified wood with few sources'.<sup>24</sup> However, the same report acknowledges that there have been instances of enduring premium prices for tropical hardwood. For example, producers from Brazil and Papua New Guinea report that they are receiving premium of up to 20% for well known commercial species.<sup>25</sup> In sum, the incentive structures prevalent in most tropical countries do not lend support to the assumption that there will be rapid increases in the area of FSC certified forests in the near future, although premium markets may exist in some areas for some time.

A second question with regard to the impact of private governance on the South next to premium prices is: who bears the costs of certification? With regard to the direct costs that result from forest management certification there is evidence that certification in the tropics is more costly than in temperate or boreal forest for two reasons. First, non-tropical forests are less complex and thus require less auditing time and preparation. Second, temperate and boreal forests often already have some well established management procedures in place. Consequently, raising management standards to the required level is less costly. In addition, smaller forests also seem to be disadvantaged. A study of six natural forest areas in Latin America found certification costs for small-scale forestry to be up to four times higher than for larger operations.<sup>26</sup> Bass and colleagues conclude that 'for the most part, costs borne at the producer end of the chain have not been passed on to buyers in the retail sector'.<sup>27</sup> In sum, few producers have been able to receive a premium from FSC certification or to shift costs to retailers and consumers. However, while certification does not lead to higher profits it may guarantee markets or even increase existing markets.

Next to large industrial operations, small-scale community forestry is of particular importance in the South.<sup>28</sup> Community forestry differs from larger corporate-driven enterprises in four ways. First, management practices are often informal and limited; second, harvesting is on a smaller scale, often as the result of limited financial resources; third, commercial activities are sporadic, often occurring in times of agricultural inactivity; and fourth, community forestry is often located in remote geographic areas. Case studies from Bolivia, Honduras, Mexico, Zambia and Papua New Guinea have found that, as a result of these differences, in some cases private regulation has shifted the perception of 'good forest management' towards Western, scientific standards. However, the economic effects of certification have been rather limited to date. The study concludes that 'although there have been some positive experiences, most community enterprises have yet to see a significant increase in their income following certification'.<sup>29</sup> In most cases, initial certification created higher costs. The funds to implement costly certification standards came predominantly from external sources. In some cases, communities have used certification to attract additional funds from developing agencies and NGOs, in other cases, certification has been a condition of future support. In sum, similar to larger forestry operations, the initial expectation of premium prices for certified timber has not been fulfilled. As costs are concentrated at the lower end of the supply chain,

certification of community forestry could only make modest inroads because donors were willing to fund the extra costs. However, private governance through forestry regulation has shifted professional perceptions and thereby supported convergence within the forestry sector.

To conclude, the impact of private forest governance on the South through its regulative function can be summarised in three points. First, analysis of the FSC's geographic representation has drawn our attention to the fact that private governance in the form of certification may systematically benefit some types of actor, while it clearly disadvantages other players in the field. For northern companies compliance with relatively tight regulative standards is easy compared to the situation for those in developing countries, because the regulative environment is already tight in industrial nations and key concepts such as sustainability have—to a large extent—originated in Western societies. As a result, private environmental and social regulation could rather be considered a strategy tool for companies to drive others out of the valuable 'green' market than a substantial steering mechanism towards sustainability.

Second, and substantiating the former claim, producers in the South have been largely unable to secure premium prices for certified timber. To the contrary, the costs of certification are concentrated at the lower end of the supply chain because of the power of large retailers in the North. Rather than resulting in higher profits through a premium, certification has helped southern companies to access new markets or at least to guarantee existing ones. As a general observation, private governance through certification has more impact on countries that have strong export markets to Europe and the USA, while countries with rather weak ties to green markets are less affected. And finally, private forest governance has resulted in a shift of perceptions towards sustainable forestry at the local level, in particular in community forestry. This shift towards a more 'scientific' understanding of forestry underscores the general trend of convergence in global forestry discourses and practices.

### *Governance through learning and discourse: a network for change?*

The second function through which the FSC gains influence in the South is producing and disseminating knowledge, providing the institutional setting for learning processes and the diffusion of the regulative model. This cognitive function is a result of the FSC's distinct network structure and the specific roles and responsibilities that influence the behaviour of a range of actors outside the narrower reach of rule making and regulation via standards.

Through its network structure and the different organisational levels—the international secretariat, the regional offices and the national working groups and initiatives—the FSC produces and disseminates information to a wide range of stakeholders. This function is of particular importance for actors from the South because certification of tropical forests, especially in small-scale operations, requires more informational capacities than well organised

commercial forest management. Partially in response to these demands, the FSC has successfully implemented regional offices to help producers and local communities to get adequate and up-to-date information.<sup>30</sup>

An additional impact of private governance on the South is realised through learning processes occurring within the FSC and among its members and stakeholders. The institutional structure of the FSC facilitates two types of learning processes. The first could be described as intra-organisational learning and includes processes of self-evaluation and resulting organisational restructuring.<sup>31</sup> What is more interesting in the context of private governance and its influence on the South is the second type of learning, labelled inter-organisational learning.

From this perspective, the FSC constitutes the institutional core of a wider learning network, including members, stakeholders and the general public. This organisational diversity, both in structure and content, seems to facilitate effective social learning processes. Consider the example of leading retailers of wood products. It was the specific structure of the FSC as a network of local, regional and global organisations that has led to successful learning. Only the involvement of local and regional experts, forest managers and producers enabled retailers to learn about the many unnecessary intermediate and potentially illegal traders participating in the business. The result was a cheaper product for the retailers and at the same time a higher profit margin for local producers and managers in the South.<sup>32</sup> But network learning processes within the FSC do not only occur because dissimilar organisations learn about possible win-win situations. They also occur because similar organisations learn from dissimilar procedures and challenges. The general assembly and other formal or informal meetings between stakeholders at all levels of the FSC structure provide opportunities for learning that would not exist in the absence of the network. Social organisations such as trade unions or indigenous peoples' associations meet environmental NGOs to exchange strategies and substantive information. As a result, organisations often enrich their strategic toolkit as well as their general organisational culture. For historic reasons the environmental chamber of the FSC has been the best organised in terms of resource mobilisation, shared visions and resulting policy motions. However, business and social interests are catching up as a direct result of learning within the FSC network. For southern actors the FSC network is a relatively successful source of empowerment. In addition to learning about new strategies and important developments, southern actors also gain access to major players in the field which would be costly and time consuming to contact on their own. However, whether southern voices, especially those of environmental and social groups, can really gain influence on crucial decisions remains to be seen.

### *Governance through integration: the legalisation of functional spaces*

The third function through which private governance gains influence in the South is integration. This concept has a twofold connotation: first,

integration refers to the transformation of international or transnational norms and standards to the level of private governance. The impact on actors in the South is mainly a 'legalisation' of functional spaces wherein rules become enforceable (through the process of certification and the threat of withdrawing the respective certificate) that were not or only reluctantly enforced beforehand. Second, integration refers to FSC principles and their underlying rationale being integrated into national political systems or international agreements. In this case, governments may endorse FSC standards, former state functions may be outsourced to the FSC, or public policies, at both the national and international level, may be influenced by the operation of the FSC. Closely connected to the latter mechanism, formerly marginalised actors may gain access to policy debates and decisions at the national or local level.

Assessing the first mode of integration, the influence on actors in the South is potentially high, but robust data to substantiate this claim are largely missing. The FSC P&C demands that 'in signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA and the Convention on Biological Diversity, shall be respected'.<sup>33</sup> The recent inclusion of the core International Labour Organisation (ILO) conventions into the FSC standards is of particular importance because government compliance with these treaties has been relatively weak in many developing countries.<sup>34</sup> A second example for the integration of international or transnational norms into the FSC framework and the resulting impact on actors in the South can be found in the FSC accreditation standards for CBS that comply with the regulations of the International Standards Organization (ISO). Case studies from South Africa, for example, indicate that certification according to FSC standards was achieved more easily when ISO standards were already in place. In effect, the integration of existing standards benefits southern companies because costly conformance with multiple standards can thus be avoided.

Turning to the integration of FSC standards into national political systems, data are comparably scarce. However, three potential mechanisms can be observed. A first possibility is that governments endorse the FSC, for example through public procurement policies. However, as a strong environmental consciousness among voters and the general public is largely confined to a few OECD countries and governmental action to accommodate such views is correspondingly limited, endorsement seems to have little impact on developing countries.

A second form of integrating FSC standards into national systems seem to have been more influential. South Africa has effectively outsourced its forest surveillance to the FSC as a consequence of its strict monitoring practices. Potentially this strategy could well spread to other developing countries that control considerable portions of its forests and seek some budgetary relief.

A third form of integration is better documented, namely the influence of the FSC on national policies and the corresponding empowerment of actors in national debates. The multi-stakeholder process of the FSC is credited with having had a beneficial influence on policy discussions and stakeholder

relations, especially in countries with otherwise weak forestry governance. In addition, a study on South Africa has revealed that stakeholder consultations on forestry have contributed to bringing actors into national debates who have so far been excluded.<sup>35</sup> With regard to the actual influence of private forest governance on national forest policies a recent study argues that, while certification has in most cases been a complementary instrument to induce compliance with national laws, 'in countries like Bolivia, there has been a more interactive process between recent legal forest reforms and certification, where incentives to landowners that engage in certification have been specifically introduced into the forestry law'.<sup>36</sup> A second example is Mexico, which has reacted to the increase of FSC certification occurring after 1996 (the FSC's headquarters were situated in Oaxaca until 2002) with a national forestry law closely mirroring the FSC standards on SFM.

In sum, although robust data are still scarce, some preliminary conclusions can be drawn with regard to the integrative function of private governance and its impact on the South. First, the integration of international norms may strengthen national compliance practices within and beyond the forest policy arena. Second, the multi-stakeholder idea embedded in the FSC may empower hitherto marginalised actors in national debates. In addition, private certification may provide stimulus to public forest policies and thereby further strengthen SFM.

### Conclusion

In this article I have offered a preliminary assessment of the impacts of private governance on actors in the South. Taking the emerging arena of private forest politics as an example, and of the Forest Stewardship Council as its most prominent embodiment, I have analysed the risks as well as the potential of private governance for the South. The impact of private governance, broadly defined as a form of socio-political steering in which private actors are directly involved in regulating—in the form of standards or more general normative guidance—the behaviour of a distinct group of stakeholders, can be analysed along three functional dimensions.

First, private governance is realised through regulation emanating from the distinct sustainable forestry standards developed and implemented by the FSC. The analysis has shown that the costs of certification have been shifted to the producers, while the initially expected benefit of premium prices for certified timber has only emerged sporadically. In addition, the ecological impact of private forest governance in the South is uncertain. It seems that certification has further improved well managed forest operations, while it seems to have had little impact on the laggards in the forest business. However, the FSC had quite a significant impact on small-scale community forestry, where it shifted perceptions of forestry towards more scientific views and thus supported ongoing trends towards convergence in global forest practices.

Learning and knowledge brokering have been presented as a second possible function of private governance. The analysis suggests that learning

processes have occurred within the FSC network and, as a result, have potentially empowered NGOs from the South. In particular, environmental and social organisations have benefited from exchange over new strategies and access to new forums.

The third functional pathway through which private governance is realised is integration. With regard to the FSC, two tentative conclusions can be drawn. First, the integration of international norms via the FSC may lead to better enforcement on the national level. Second, the multi-stakeholder idea embedded in the FSC may empower hitherto marginalised actors in national debates and thereby strengthen sustainable forest management in national policies.

Although some general trends seem to be visible, this article can be nothing more than a first step. Future research is therefore needed. From my point of view, such an endeavour should start with a systematic assessment of the conditions favourable to private governance in the South, both within and beyond the forest sector. Questions could focus on the role of political incentive structures and political cultures, a country's position in the global economy, as well as on its integration into international governance arrangements.

## Notes

- 1 For recent contributions to the debate on private forest governance, see B Cashore, G Auld & D Newsom, *Governing Through Markets: Forest Certification and the Emergence of Non-State Authority*, New Haven, CT: Yale University Press, 2004; LH Gulbrandsen, 'Overlapping public and private governance: can forest certification fill the gaps in the global forest regime?', *Global Environmental Politics*, 4 (2), 2004, pp 75–99; and P Pattberg, 'What role for private rule-making in global environmental governance? Analysing the forest stewardship council (FSC)', *International Environmental Agreements*, 5 (2), 2005, pp 175–189.
- 2 Forest Stewardship Council, *News + Notes: An Information Service of the Forest Stewardship Council*, 4 (2), 2006.
- 3 C Cutler, V Haufler & T Porter (eds), *Private Authority and International Affairs*, Albany, NY: State University of New York Press, 1999; R Falkner, 'Private environmental governance and international relations: exploring the links', *Global Environmental Politics*, 3 (2), 2003, pp 72–87; P Pattberg, 'The institutionalisation of private governance: conceptualising an emerging trend in global environmental politics', *Global Governance Working Paper No 9*, Amsterdam: The Global Governance Project, 2004; and K Ronit & V Schneider, 'Global governance through private organizations', *Governance: An International Journal of Policy, Administration, and Institutions*, 12 (3), 1999, pp 243–266.
- 4 B Reinalda, B Arts & M Noortmann, 'Non-state actors in international relations: do they matter?', in B Arts, M Noortmann & B Reinalda (eds), *Non-State Actors in International Relations*, Aldershot: Ashgate, 2001, pp 1–3.
- 5 For examples, compare further F Biermann, 'Institutions for scientific advice: global environmental assessments and their influence in developing countries', *Global Governance*, 8 (2), 2002, pp 195–219; M Barnett & M Finnemore, *Rules for the World: International Organizations in Global Politics*, Ithaca, NY: Cornell University Press, 2004; and F Biermann & S Bauer, 'Managers of global governance: assessing and explaining the effectiveness of intergovernmental organisations', *Global Governance Working Paper No 15*, Amsterdam: The Global Governance Project, 2005.
- 6 For examples, see J Bendell, *Terms for Endearment: Business, NGOs and Sustainable Development*, Sheffield: Greenleaf Publishing, 2000; P Glasbergen & Groenenberg, 'Environmental partnership in sustainable energy', *European Environment*, 11 (1), 2001, pp 1–13; S Heap, *NGOs and the Private Sector: Potential for Partnerships?*, Oxford: INTRAC, 1998.
- 7 T Börzel & Thomas Risse, 'Public–private partnerships: effective and legitimate tools of international governance', in E Grande & L W Pauly (eds), *The Reconstitution of Political Authority in the 21st Century*, forthcoming.
- 8 For a recent discussion of the partnership paradigm and North–South relations, see R Abrahamsen, 'The power of partnerships in global governance', *Third World Quarterly*, 25 (8), 2005, pp 1453–1467.



- 9 For recent examples, see K Dingwerth, *The Democratic Legitimacy of Transnational Rule-Making: Normative Theory and Empirical Practice*, Berlin: Freie Universität Berlin, 2005; and P Pattberg, 'Private governance and the changing nature of authority', paper presented to the 45th Annual International Studies Association Convention, Montreal, 2004.
- 10 R Falkner, 'Private environmental governance and international relations', pp 72–73.
- 11 *Ibid*, p 73.
- 12 S Bass, 'Global forest governance: emerging impacts of the Forest Stewardship Council', paper presented at the SUSTRA Workshop on 'Architecture of the Global System of Governance of Trade and Sustainable Development', Berlin, 2002.
- 13 T Bartley, 'Certifying forests and factories: states, social movements, and the rise of private regulation in the apparel and forest products fields', *Politics & Society*, 31 (3), 2003, pp 433–464; and P Pattberg, 'The institutionalization of private governance: how business and non-profit organizations agree on transnational rules', *Governance*, 18 (4), 2005, pp 589–610.
- 14 Forest Stewardship Council, *FSC Principles and Criteria*, Oaxaca: FSC Asociacion Civil (AC), 2000.
- 15 The FSC defines northern organisations and individuals as those based in high-income countries and southern organisations and individuals as based in low, middle and upper-middle income countries. Compare Forest Stewardship Council, *Statutes*, Oaxaca: FSC AC, 2002, para 14. According to the World Bank Group definition, low income countries are those with less than \$765 gross national income (GNI); middle income those between \$766 and \$3035; upper-middle those between \$3036 and \$9385; high income countries are those which generate more than \$9386 GNI per capita.
- 16 Forest Stewardship Council, *Statutes*, paras 12–13.
- 17 Personal interview with FSC regional officer, November 2003.
- 18 Standard setting, as opposed to the more general process of establishing and maintaining constitutive regulations, is defined as the making of voluntary, expertise-based structural, procedural or substantive regulation. Standards can take the form of management schemes, guidelines, product and process labels or general codes of conduct and can further be specified as product and process standards. Compare further D Kerwer, 'Standardizing as governance: the case of credit rating agencies', in A Heretier (ed), *Common Goods Reinventing European and International Governance*, Lanham, MD: Rowman & Littlefield, 2002, pp 297–298.
- 19 Forest Stewardship Council, *Process for Developing FSC Forest Stewardship Standards*, Bonn: FSC AC, 2003, p 9.
- 20 The world's total forest cover—including commercially operated as well as protected areas—is 3.9 billion hectares. The FSC-certified forest area makes up 1.36% of the total forest cover.
- 21 Forest Stewardship Council, *Forest Stewardship Council AC By-Laws*, Bonn: FSC AC, 2002, p 1.
- 22 *Ibid*, p 2.
- 23 For COC and forest management certificates the relation is 28.1% to 71.9% in favour of North America and Europe.
- 24 S Bass, X Font & L Danielson, 'Standards and certification: a leap forward or a step back for sustainable development?' in International Institute for Environment and Development (IIED) (ed), *The Future is Now*, Vol 2, London: IIED, 2002, p 64.
- 25 *Ibid*.
- 26 R de Camino & M Alfaro, *Certification in Latin America: Experience to Date*, London: ODI, 1998.
- 27 S Bass, X Font & L Danielson, 'Standards and certification', p 71.
- 28 Community forestry refers to forest management where communities are involved in the planning, management or overall control of a forestry operation.
- 29 S Bass, K Thornber, M Markopoulos, S Roberts & M Grieg-Gran, *Certification's Impact on Forests, Stakeholders, and Supply Chains*, London: IIED, 2001, p 31.
- 30 Personal interview with FSC staff member, November 2003.
- 31 P Pattberg, 'What role for private rule-making in global environmental governance?'.
- 32 Personal interview with FSC staff member, November 2003.
- 33 Forest Stewardship Council, *FSC Principles and Criteria*, principle 1.3.
- 34 The FSC standards demand compliance with all ILO labour conventions that are related to forestry, in particular those numbered 29, 87, 97, 100, 105, 111, 131, 138, 141, 142, 143, 155, 169, 182, as well as the ILO Code of Practice on Safety and Health in Forestry Work.
- 35 J Mayers, J Evans & T Foy, *Raising the Stakes: Impacts of Privatization, Certification, and Partnerships in South African Forestry*, London: IIED, 2001.
- 36 G Segura, *Forest Certification and Governments: The Real and Potential Influence on Regulatory Frameworks and Forest Policies*, Washington, DC: Forest Trends, 2004, p 9.